

February 28, 2019  
Symbio Pharmaceuticals Limited  
Fuminori Yoshida  
Representative Director  
President and Chief Executive Officer  
(Securities Code: 4582)

## **Notice Regarding Reverse Stock Split and Amendment to the Articles of Incorporation**

Symbio Pharmaceuticals Limited (“the Company”) today announced that Company’s Board of Directors today approved that a proposal for a reverse stock split (the “Reverse Stock Split”) and a proposal for a related amendment to the Articles of Incorporation (“Amendment of the Articles of Incorporation”) be submitted to the shareholders at the 14th Ordinary General Meeting of Shareholders scheduled for March 28, 2019 (the “14th Shareholders Meeting”).

### 1. Reverse Stock Split

#### (1) Objectives of the Reverse Stock Split

Since its establishment, the Company has raised capital with the objective of securing the financing required to support its business activities, which include research and development necessary to advance the Company’s development pipeline and increase the number of drug candidates, securing human resources to establish the Company’s own salesforce and related systems, development of logistics and distribution infrastructure, and the in-licensing of new drug candidates. As a result, the Company had a total of 82,398,924 shares outstanding as of December 31, 2018.

The number of outstanding shares is high relative to the scale of our business, and the current share price level falls well below the desired price range of between 50,000 yen to 500,000 yen as specified in Rule 445 of the Tokyo Stock Exchange’s Securities Listing Regulations. In addition, the Company is mindful that the high share price volatility, and the large price fluctuations related to the stock being a target of speculative investment, have a substantial impact on the investing public.

For these reasons, the Company plans to conduct a reverse stock split at a ratio of four to one, subject to the approval of our shareholders at the 14th Shareholders Meeting. The ratio was duly determined so as to adjust to the desired level of investment units while minimizing to the extent possible the impact on shareholders. As a result of the share consolidation, the Company expects that the total number of outstanding shares will be at a level commensurate with the Company’s size, which will be the desired level of investment units given the current share price.

#### (2) Details of the Reverse Stock Split

##### (i) Class of shares to be consolidated

Common shares

##### (ii) Method and ratio of consolidation

Shares held by the shareholders recorded in the final shareholder register as of June 30, 2019 (substantially, as at the end of June 28, 2019) shall be consolidated at a ratio of four (4) to one (1) on July 1, 2019.

(iii) Number of shares to be reduced upon consolidation

Number of issued shares before consolidation (as of December 31, 2018)	82,398,924 shares
Number of shares to be reduced upon consolidation	61,799,193 shares
Number of issued shares after consolidation	20,599,731 shares

(Note) “Number of shares to be reduced upon consolidation” and “Number of issued shares after consolidation” are theoretical values calculated based on the total number of issued shares before consolidation and the consolidation ratio.

(iv) Impact of Reverse Stock Split

Although the total number of issued shares will decrease to one quarter (1/4) as a result of the share consolidation, the net assets, etc. will not change, and therefore the net assets per share will quadruple. Accordingly, excluding changes in stock market conditions and other external factors, the the share consolidation will not change in the asset value of the Company’s stock.

(v) Number of Authorized Shares after the Reverse Stock Split

41,500,000 shares (before consolidation: 167,000,000 shares)

The articles of incorporation pertaining to the total number of authorized shares shall be deemed to have been changed as described above on the effective date of the reverse stock split (July 1, 2019), in accordance with the provisions of the Companies Act.

(3) Reduction in Number of Shareholders upon Reverse Stock Split

The shareholder composition based on the register of shareholders as of December 31, 2018 is as follows:

	Number of shareholders (%)	Number of shares held (%)
All shareholders	31,858 persons (100.00%)	82,398,924 shares (100.00%)
Less than 400 shares	13,466 persons (42.27%)	2,234,613 shares (2.71%)
400 shares or more	18,392 persons (57.73%)	80,164,311 shares (97.29%)

(Note) Based on the shareholder composition described above, as a result of the reverse stock split, 13,466 shareholders (holding 2,234,613 shares in total) will lose shareholder status.

(4) Treatment of fractional shares

Fractional shares (i.e. less than one share) arising from the reverse stock split shall all be disposed of by the Company collectively, and the proceeds of the disposal shall be paid to the shareholders holding such fractional shares in proportion to the ratio of their holdings, in accordance with Article 235 of the Companies Act.

(5) Conditions for Reverse Stock Split

Subject to approval by shareholders at the 14th Shareholders Meeting, the reverse stock split will take effect on July 1, 2019.

(6) Adjustment of Exercise Price of Stock Acquisition Rights

Following the reverse stock split and effective from July 1, 2019, the exercise price and minimum exercise price per share of our outstanding warrants will be as follows:

- (i) Exercise Price of Stock Acquisition Rights (Exercise Price Fixed)

Date of resolution of issuance (Classification of Persons Eligible for Grant)	Exercise price before adjustment	Exercise price after adjustment
The 20th Stock Acquisition Rights: Resolution at Shareholders Meeting held on March 30, 2010 (Directors and corporate auditors of the Company)	¥585	¥2,340
The 21st Stock Acquisition Rights Resolution at Shareholders Meeting held on March 30, 2010 (Employees of the Company)	¥585	¥2,340
The 23th Stock Acquisition Rights Resolution at Shareholders Meeting held on March 30, 2010 (Employees of the Company)	¥585	¥2,340
The 24th Stock Acquisition Rights Resolution at Shareholders Meeting held on March 30, 2011 (Directors of the Company)	¥682	¥2,728
The 25th Stock Acquisition Rights Resolution at Shareholders Meeting held on March 30, 2011 (Employees of the Company)	¥682	¥2,728
The 26th Stock Acquisition Rights Board of Directors resolution on April 17, 2012 (Directors of the Company)	¥555	¥2,220
The 27th Stock Acquisition Rights Board of Directors resolution on April 17, 2012 (Employees of the Company)	¥555	¥2,220
The 30th Stock Acquisition Rights Board of Directors resolution on May 14, 2013 (Directors of the Company)	¥799	¥3,196
The 31st Stock Acquisition Rights Board of Directors resolution on May 14, 2013 (Employees of the Company)	¥799	¥3,196

(ii) Initial Exercise Price and Minimum Exercise Price of Stock Acquisition Rights  
(with Exercise Price Amendment Clause)

Date of resolution of issuance (Allottee)	Initial Exercise price before adjustment	Minimum Exercise price before adjustment	Initial Exercise price after adjustment	Minimum Exercise price after adjustment
The 46th Stock Acquisition Rights Board of Directors resolution on April 9, 2018 (EVO FUND)	¥209	¥113	¥836	¥452
The 47th Stock Acquisition Rights Board of Directors resolution on April 9, 2018 (EVO FUND)	¥211	¥113	¥844	¥452

## 2. Partial Amendment to Articles of Incorporation

### (1) Rationale for Amendment

The Articles of Incorporation will be amended as follows pursuant to the reverse stock split described above, with the amendment to take effect from July 1, 2019.

(Underlined sections represent changes)

Current Articles of Incorporation	Proposed changes
Chapter 2: Shares (Total number of authorized shares) Article 6 The total number of authorized shares for the Company will be set at 167,000,000.	Chapter 2: Shares (Total number of authorized shares) Article 6 The total number of authorized shares for the Company will be set at 41,750,000.
(Currently, no supplementary provisions)	Supplementary provision <u>Article 2</u> <u>The effective date of changes to Article 6 of the Articles of Incorporation will be the same as the effective date of the reverse stock split detailed in Proposal 1 of the 14th Ordinary General Meeting of Shareholders held on March 28, 2019. Furthermore, this supplementary provision will be erased as of the same effective date.</u>

### (2) Conditions for Amendment

The amendment will take effect on July 1, 2019, subject to (i) approval of the “Reverse Stock Split” and “Amendment of the Articles of Incorporation” by shareholders at the 14th Shareholders Meeting, and (ii) the share consolidation taking effect..

## 3. Schedule

Date of resolution by board of directors: February 28, 2019

Date of annual general meeting of shareholders: March 28, 2019

Effective date for reverse stock split: July 1, 2019

Effective date for amendment to Articles of Incorporation: July 1, 2019

### [Contact]

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